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HELLER EHRMAN WHITE & McAULIFFE

ATTORNEYS
A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

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SAN FRANCISCO
CALIFORNIA 94104-2878
TELEPHONE: (415) 772-6000
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May 29, 1997

WRITER'S DIRECT DIAL:

(415) 772-6566

SAN FRANCISCO
LOS ANGELES
PALO ALTO

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PORTLAND
TACOMA
ANCHORAGE

WASHINGTON, D.C.
HONG KONG
SINGAPORE

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JUN 9 1997

19431-0001

Charles B. Brown, Esq.
Assistant General Counsel
Kaiser Aluminum & Chemical Corp.
300 Lakeside Drive, Room 2020
Oakland, California 94543

KAISER ALUMINUM & CHEMICAL CORPORATION
LAW DEPARTMENT

Bay Area Drum Site, San Francisco

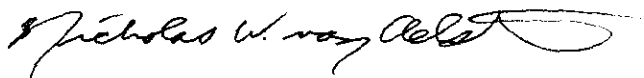
Dear Mr. Brown:

I write to follow-up on that portion of our April 25 newsletter that discussed the Tolling Agreement with the Department of Toxic Substances Control ("DTSC"). As was discussed in greater detail in the newsletter, we request that all Group members sign the Tolling Agreement; the Agreement is necessary to secure our postponement of the negotiations on DTSC's claim for over \$4 million in past costs. We have received executed signature pages from most Group members. Unfortunately, we have not received one from Kaiser Aluminum & Chemical Corp.

As the tolling agreement in the Consent Order will expire in June, we need to receive all Group members' executed signature pages very soon. Therefore, we again request that an authorized representative of your company sign the Tolling Agreement in its designated signature block and return the signed signature page to us as soon as possible in the self-addressed, stamped envelope enclosed for this purpose. For your convenience, we have enclosed another copy of the Agreement.

Please call me if you have any questions.

Very truly yours,



Nicholas W. van Aelstyn

Enclosure

cc: Joseph J. Armao, Esq. (w/o enclosure)

STATE OF CALIFORNIA
ENVIRONMENTAL PROTECTION AGENCY
DEPARTMENT OF TOXIC SUBSTANCES CONTROL

In the Matter of:

BAY AREA DRUM SITE

1212 Thomas Avenue
San Francisco, California

Respondents:

AEROJET-GENERAL CORPORATION;
ALLIED-SIGNAL, INC.;
ASHLAND CHEMICAL, INC.;
CHEMCENTRAL CORPORATION;
CHEMICAL LAND HOLDINGS, INC.
(for OCCIDENTAL CHEMICAL
CORPORATION, successor to DIAMOND
SHAMROCK CHEMICAL COMPANY);
CHEVRON U.S.A., INC.;
COURTAULDS COATINGS, INC.
(for INTERNATIONAL PAINT
COMPANY);
DELTA AIR LINES, INC.;
DORSETT & JACKSON, INC.;
THE DOW CHEMICAL COMPANY;
E.I. DuPONT de NEMOURS & CO., INC.;
EUREKA CHEMICAL COMPANY;
EUREKA FLUID WORKS;
EXXON COMPANY, U.S.A.;
FORD MOTOR COMPANY;
GENERAL MOTORS CORPORATION;
GREAT WESTERN CHEMICAL COMPANY;
HEWLETT-PACKARD COMPANY;
INTER-STATE OIL COMPANY;
INGERSOLL-RAND COMPANY
(for SCHLAGE LOCK COMPANY);
INTEL CORPORATION;
INTERNATIONAL PAPER COMPANY
(for STECHER-TRAUNG-SCHMIDT);
KAISER ALUMINUM & CHEMICAL CORP.;
LITTON ELECTRON DEVICES
(a division of LITTON SYSTEMS,
INC.);
LOCKHEED MARTIN CORPORATION
(successor to LOCKHEED MISSILES &
SPACE CO., INC.);
MCKESSON CORPORATION;
MONSANTO COMPANY;
NADI MANUFACTURING COMPANY;

TOLLING AGREEMENT

[Continued next page]

BAY AREA DRUM SITE
TOLLING AGREEMENT

1	NI INDUSTRIES, INC.;)
	NL INDUSTRIES, INC.;)
2	THE O'BRIEN CORPORATION)
	(for FULLER-O'BRIEN PAINTS);)
3	OLYMPIAN OIL COMPANY;)
	OWENS-ILLINOIS, INC.;)
4	PACIFIC GAS & ELECTRIC COMPANY;)
	PENNZOIL COMPANY;)
5	PUREGRO COMPANY;)
	QUAKER STATE CORPORATION;)
6	RAYCHEM CORPORATION;)
	REDWOOD OIL COMPANY;)
7	REICHOLD CHEMICALS, INC.;)
	REYNOLDS METALS COMPANY;)
8	R. J. McGLENNON COMPANY, INC.;)
	ROCHESTER MIDLAND CORPORATION)
9	(for BYTECH CHEMICAL)
	CORPORATION);)
10	ROHM & HAAS COMPANY;)
	ROMIC ENVIRONMENTAL TECHNOLOGIES)
11	CORPORATION)
	(successor to ROMIC CHEMICAL)
12	CORPORATION);)
	SANDOZ AGRO, INC.)
13	(for ZOECON CORPORATION);)
	SAN FRANCISCO BAY AREA RAPID)
14	TRANSIT DISTRICT;)
	SEQUA CORPORATION)
15	(for GENERAL PRINTING INK,)
	a division of SUN CHEMICAL);)
16	SHELL OIL COMPANY;)
	SIMPSON COATINGS GROUP, INC.;)
17	STANFORD UNIVERSITY;)
	THE STERO COMPANY;)
18	SYNERGY PRODUCTION GROUP, INC.)
	(dba HALEY JANITORIAL SUPPLY CO.,)
19	INC. and WESTERN CHEMICAL)
	COMPANY);)
20	SYNTEX (U.S.A.), INC.;)
	TAP PLASTICS, INC.;)
21	TELEDYNE RYAN AERONAUTICAL,)
	MCCORMICK SELPH ORDNANCE UNIT)
22	(for TELEDYNE MCCORMICK SELPH);)
	TEXTRON, INC.;)
23	UNITED AIR LINES, INC.;)
	UNITED STATES DEFENSE REUTILIZATION)
24	AND MARKETING SERVICE;)
	UNITED TECHNOLOGIES CORPORATION;)
25	UNIVERSITY OF CALIFORNIA;)
	VAN WATERS & ROGERS, INC.;)
26	W.R. GRACE & COMPANY, INC.; and)
	W.R. MEADOWS, INC.)
27)
28)

1 The State of California Department of Toxic Substances
2 Control (the "Department") enters into this Tolling Agreement
3 with each of the following parties:

4 AEROJET-GENERAL CORPORATION;
5 ALLIED-SIGNAL, INC.;
6 ASHLAND CHEMICAL, INC.;
7 CHEMCENTRAL CORPORATION;
8 CHEMICAL LAND HOLDINGS, INC.
9 (for OCCIDENTAL CHEMICAL CORPORATION, successor
10 to DIAMOND SHAMROCK CHEMICAL COMPANY);
11 CHEVRON U.S.A., INC.;
12 COURTAULDS COATINGS, INC.
13 (for INTERNATIONAL PAINT COMPANY);
14 DELTA AIR LINES, INC.;
15 DORSETT & JACKSON, INC.;
16 THE DOW CHEMICAL COMPANY;
17 E.I. DuPONT de NEMOURS & CO., INC.;
18 EUREKA CHEMICAL COMPANY;
19 EUREKA FLUID WORKS;
20 EXXON COMPANY, U.S.A.;
21 FORD MOTOR COMPANY;
22 GENERAL MOTORS CORPORATION;
23 GREAT WESTERN CHEMICAL COMPANY;
24 HEWLETT-PACKARD COMPANY;
25 INTER-STATE OIL COMPANY;
26 INGERSOLL-RAND COMPANY
27 (for SCHLAGE LOCK COMPANY);
28 INTEL CORPORATION;
29 INTERNATIONAL PAPER COMPANY
30 (for STECHER-TRAUNG-SCHMIDT);
31 KAISER ALUMINUM & CHEMICAL CORP.;
32 LITTON ELECTRON DEVICES
33 (a division of LITTON SYSTEMS, INC.);
34 LOCKHEED MARTIN CORPORATION
35 (successor to LOCKHEED MISSILES &
36 SPACE CO., INC.;
37 MCKESSON CORPORATION;
38 MONSANTO COMPANY;
39 NADI MANUFACTURING COMPANY;
40 NI INDUSTRIES, INC.;
41 NL INDUSTRIES, INC.;
42 THE O'BRIEN CORPORATION
43 (for FULLER-O'BRIEN PAINTS);
44 OLYMPIAN OIL COMPANY;
45 OWENS-ILLINOIS, INC.;
46 PACIFIC GAS & ELECTRIC COMPANY;
47 PENNZOIL COMPANY;
48 PUREGRO COMPANY;
49 QUAKER STATE CORPORATION;
50 RAYCHEM CORPORATION;
51 REDWOOD OIL COMPANY;
52 REICHOLD CHEMICALS, INC.;

1 REYNOLDS METALS COMPANY;
2 R. J. McGLENNON COMPANY, INC.;
3 ROCHESTER MIDLAND CORPORATION
4 (for BYTECH CHEMICAL CORPORATION);
5 ROHM & HAAS COMPANY;
6 ROMIC ENVIRONMENTAL TECHNOLOGIES
7 CORPORATION
8 (successor to ROMIC CHEMICAL
9 CORPORATION);
10 SANDOZ AGRO, INC.
11 (for ZOECON CORPORATION);
12 SAN FRANCISCO BAY AREA RAPID
13 TRANSIT DISTRICT;
14 SEQUA CORPORATION
15 (for GENERAL PRINTING INK,
16 a division of SUN CHEMICAL);
17 SHELL OIL COMPANY;
18 SIMPSON COATINGS GROUP, INC.;
19 STANFORD UNIVERSITY;
20 THE STERO COMPANY;
21 SYNERGY PRODUCTION GROUP, INC.
22 (dba HALEY JANITORIAL SUPPLY CO.,
23 INC. and WESTERN CHEMICAL COMPANY);
24 SYNTEX (U.S.A.), INC.;
25 TAP PLASTICS, INC.;
26 TELEDYNE RYAN AERONAUTICAL,
27 MCCORMICK SELPH ORDNANCE UNIT
28 (for TELEDYNE MCCORMICK SELPH);
29 TEXTRON, INC.;
30 UNITED AIR LINES, INC.;
31 UNITED STATES DEFENSE REUTILIZATION
32 AND MARKETING SERVICE;
33 UNITED TECHNOLOGIES CORPORATION;
34 UNIVERSITY OF CALIFORNIA;
35 VAN WATERS & ROGERS, INC.;
36 W.R. GRACE & COMPANY, INC.; and
37 W.R. MEADOWS, INC.

20 Each of the above-listed parties is referred to herein as a
21 "Respondent," and the above-listed parties are referred to herein
22 collectively as "Respondents." This Tolling Agreement concerns
23 only the Department's claims for unreimbursed costs incurred and
24 to be incurred in response to the release and threatened release
25 of hazardous substances at and from the Bay Area Drum State
26 Superfund Site located at 1212 Thomas Avenue, San Francisco,
27 California (the "Site").
28

1 The Department contends that it now has or may have a
2 cause or causes of action against Respondent pursuant to sections
3 107 and 113 of the Comprehensive Environmental Response,
4 Compensation, and Liability Act of 1980 ("CERCLA"), as amended,
5 42 U.S.C. sections 9607 and 9613, regarding the Department's
6 incurrence of costs, in the past and in the future, in response
7 to the release and threatened release of hazardous substances at
8 and from the Site.

9 The Department and each Respondent agree that any
10 statute of limitations period applicable to the Department's
11 claims for the unreimbursed costs it allegedly has incurred, and
12 may incur in the future, in response to the release and
13 threatened release of hazardous substances at and/or from the
14 Site, asserted under CERCLA, the California Hazardous Substances
15 Account Act, California Health and Safety Code sections 25300 et
16 seq., or any other applicable federal or state statute or common
17 law cause of action, is tolled from and including June 22, 1993
18 until and including December 31, 1998. This Agreement is not
19 intended to revive claims of any kind as to which the statute of
20 limitations period may have expired prior to June 22, 1993.

21 By entering into this Tolling Agreement, each
22 Respondent makes no admission of liability nor does any
23 Respondent admit or acknowledge any causal or other relationship
24 between any of its activities, past or present, and any
25 conditions at or around the Site, nor does any Respondent admit
26 or acknowledge any legal responsibility for any such conditions.
27 By entering into this Tolling Agreement, each Respondent does not
28 waive any right, claim, remedy, cause of action or defense in

1 this or any other proceeding, except as explicitly stated in this
2 Tolling Agreement.

3 Each of the undersigned representatives of the
4 Department and each Respondent certifies that he or she is fully
5 authorized to enter into the terms and conditions of this
6 Agreement, and to execute and bind such party to this Agreement.

7 Any amendment to or waiver of this Agreement must be in
8 writing.

9 This Agreement constitutes the entire understanding of
10 the parties concerning the matters addressed.

11 This Agreement may be executed in multiple counter-
12 parts, each of which shall be deemed an original, all of which
13 when taken together shall constitute an integrated agreement.
14

15 FOR THE STATE OF CALIFORNIA DEPARTMENT
16 OF TOXIC SUBSTANCES CONTROL:

17 DANIEL E. LUNGREN
18 Attorney General of the
19 State of California

20 Dated: _____

21 KEVIN JAMES
22 Deputy Attorney General
23 2101 Webster Street
24 Oakland, CA 94612
25 Telephone: (510) 286-4123

26 Attorneys for the State of
27 California, Department of Toxic
28 Substances Control

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Dated: _____

Aerojet-General Corporation

By: _____

Title: _____

Dated: _____

Allied-Signal, Inc.

By: _____

Title: _____

Dated: _____

Ashland Chemical, Inc.

By: _____

Title: _____

Dated: _____

ChemCentral Corporation

By: _____

Title: _____

1 Dated: _____

Chemical Land Holdings, Inc.
(for Occidental Chemical
Corporation, successor to Diamond
Shamrock Chemical Company)

4 By: _____

6 Title: _____

9 Dated: _____

Chevron U.S.A., Inc.

11 By: _____

12 Title: _____

15 Dated: _____

Courtaulds Coatings, Inc.
(for International Paint Company)

18 By: _____

19 Title: _____

22 Dated: _____

Delta Air Lines, Inc.

24 By: _____

25 Title: _____

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Dated: _____

Dorsett & Jackson, Inc.

By: _____

Title: _____

Dated: _____

The Dow Chemical Company

By: _____

Title: _____

Dated: _____

E.I. DuPont de Nemours & Company,
Inc.

By: _____

Title: _____

Dated: _____

Eureka Chemical Company

By: _____

Title: _____

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Eureka Fluid Works

By: _____

Title: _____

Dated: _____

Exxon Company, U.S.A.

By: _____

Title: _____

Dated: _____

Ford Motor Company

By: _____

Title: _____

Dated: _____

General Motors Corporation

By: _____

Title: _____

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Dated: _____

Great Western Chemical Company

By: _____

Title: _____

Dated: _____

Hewlett-Packard Company

By: _____

Title: _____

Dated: _____

Inter-State Oil Company

By: _____

Title: _____

Dated: _____

Ingersoll-Rand Company
(for Schlage Lock Company)

By: _____

Title: _____

1 Dated: _____

Intel Corporation

2 By: _____

3 Title: _____

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7 Dated: _____

International Paper Company
(for Stecher-Traung-Schmidt)

8 By: _____

9 Title: _____

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14 Dated: June 3, 1997

Kaiser Aluminum & Chemical
Corporation

15 By: 

Charles B. Brown

16 Title: Associate General Counsel

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21 Dated: _____

Litton Electron Devices, a
division of Litton Systems, Inc.

22 By: _____

23 Title: _____

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Lockheed Martin Corporation
(successor to Lockheed Missiles &
Space Company, Inc.)

By: _____

Title: _____

Dated: _____

McKesson Corporation

By: _____

Title: _____

Dated: _____

Monsanto Company

By: _____

Title: _____

Dated: _____

Nadi Manufacturing Company

By: _____

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Dated: _____

NI Industries, Inc.

By: _____

Title: _____

Dated: _____

NL Industries, Inc.

By: _____

Title: _____

Dated: _____

The O'Brien Corporation
(for Fuller-O'Brien Paints)

By: _____

Title: _____

Dated: _____

Olympian Oil Company

By: _____

Title: _____

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Owens-Illinois, Inc.

By: _____

Title: _____

Dated: _____

Pacific Gas & Electric Company

By: _____

Title: _____

Dated: _____

Pennzoil Company

By: _____

Title: _____

Dated: _____

PureGro Company

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Quaker State Corporation

By: _____

Title: _____

Dated: _____

Raychem Corporation

By: _____

Title: _____

Dated: _____

Redwood Oil Company

By: _____

Title: _____

Dated: _____

Reichhold Chemicals, Inc.

By: _____

Title: _____

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Reynolds Metals Company

By: _____

Title: _____

Dated: _____

R.J. McGlennon Company, Inc.

By: _____

Title: _____

Dated: _____

Rochester Midland Corporation
(for Bytech Chemical Corporation)

By: _____

Title: _____

Dated: _____

Rohm & Haas Company

By: _____

Title: _____

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Dated: _____

Romic Environmental Technologies Corporation
(successor to Romic Chemical Corporation)

By: _____

Title: _____

Dated: _____

Sandoz Agro, Inc.
(for Zoecon Corporation)

By: _____

Title: _____

Dated: _____

San Francisco Bay Area Rapid Transit District

By: _____

Title: _____

Dated: _____

Sequa Corporation
(for General Printing Ink, a division of Sun Chemical)

By: _____

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Shell Oil Company

By: _____

Title: _____

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Simpson Coatings Group, Inc.

By: _____

Title: _____

Dated: _____

Stanford University

By: _____

Title: _____

Dated: _____

The Stero Company

By: _____

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Dated: _____

Synergy Production Group, Inc
(dba Haley Janitorial Supply Co.,
Inc. and Western Chemical Company)

By: _____

Title: _____

Dated: _____

Syntex (U.S.A.), Inc.

By: _____

Title: _____

Dated: _____

Tap Plastics, Inc.

By: _____

Title: _____

Dated: _____

Teledyne Ryan Aeronautical,
McCormick Selph Ordnance Unit
(for Teledyne McCormick Selph)

By: _____

Title: _____

1 Dated: _____ Textron, Inc.
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4 Title: _____
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7 Dated: _____ United Air Lines, Inc.
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9 By: _____
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14 Dated: _____ United States Defense Reutilization
15 and Marketing Service
16 By: _____
17 Title: _____
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21 Dated: _____ United Technologies Corporation
22 By: _____
23 Title: _____
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Dated: _____

University of California

By: _____

Title: _____

Dated: _____

Van Waters & Rogers, Inc.

By: _____

Title: _____

Dated: _____

W.R. Grace & Company, Inc.

By: _____

Title: _____

Dated: _____

W.R. Meadows, Inc.

By: _____

Title: _____

**KAISER ALUMINUM
& CHEMICAL CORPORATION**

LAW DEPARTMENT

June 3, 1997

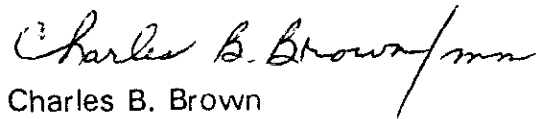
Nicholas W. van Aelstyn, Esq.
Heller Ehrman White & McAuliffe
333 Bush Street
San Francisco, California 94104-2878

Re: **BAY AREA DRUM SITE**

Dear Mr. van Aelstyn:

In accordance with your letter dated May 29, 1997, enclosed is an executed signature page to the Tolling Agreement.

Sincerely yours,


Charles B. Brown
Associate General Counsel

CBB:mm

Enclosure
As Indicated

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Dated: _____

Intel Corporation

By: _____

Title: _____

Dated: _____

International Paper Company
(for Stecher-Traung-Schmidt)

By: _____

Title: _____

Dated: June 3, 1997

Kaiser Aluminum & Chemical
Corporation

By: 

Charles B. Brown

Title: Associate General Counsel

Dated: _____

Litton Electron Devices, a
division of Litton Systems, Inc.

By: _____

Title: _____